

April 10, 2003



Country-of-Origin Labeling Program  
Agricultural Marketing Service  
United States Department of Agriculture  
STOP 0249, ROOM 2092-S  
1400 Independence Avenue, S.W.  
Washington, D.C. 20250-0249

Re: Interim Voluntary Country-of-Origin Labeling

Dear Sir or Madam:

These comments are submitted on behalf of the National Frozen and Refrigerated Foods Association, Inc. ("NFRA"). NFRA is a national trade association that represents over 620 member companies in the frozen and refrigerated foods sector, including manufacturers/processors, distributors, logistics providers, retailers, food service operators and sales agents. The operations of most of our members will be significantly affected should the USDA Guidelines for the Interim Voluntary Country-of-Origin Labeling be promulgated as final rules.

Our members manufacture, distribute, store and sell many food products that are already required to be labeled for country-of-origin under Section 304 of the Tariff Act of 1930. The mandatory system set forth in the USDA Guidelines is inconsistent in significant ways with the existing country-of-origin labeling scheme for these products. Although we acknowledge that some of the provisions in the Department's voluntary guidelines are required by statute and that some are based on the Department's interpretation of the new statutory requirements, our association is of the view that the new country-of-origin marketing scheme is unnecessary and triggers many consequences that go far beyond the intent and purpose of the legislation. The effect of the voluntary guidelines is the establishment of a regulatory scheme that creates major logistical complexities, significant increases in operating costs, and burdensome recordkeeping requirements that, on balance, do not uniformly advance the purported legislative purpose of the new program.

Our chief concerns include the following:

1. There are substantial conflicts between country-of-origin markings under Section 304 of the Tariff Act of 1930 and the Department's guidelines.
2. The Department's presentation of the estimated costs associated with compliance with the new country-of-origin labeling guidelines is flawed. Those estimates only appear to consider a portion of the cost involved in establishing and maintaining the recordkeeping system called for and fail to address adequately the expense of information collection, employee training, technology upgrades, segregation systems, and the related impact of these changes on the entire supply chain for covered commodities. Similarly, there has not been an adequate analysis of the resulting cost to the consumer as a result of these new requirements.

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3. Implementation of a mandatory system patterned on the voluntary guidelines has the potential to create a disincentive for use of domestic products. For example, to avoid having to declare the country-of-origin of each raw material source for blended or mixed products, food companies may elect to source entirely outside the United States. Likewise, the new guidelines may encourage relocation of some processing facilities to locations outside the United States.
4. Finally, it is likely that only larger companies will have the resources to absorb the additional cost of implementation and compliance with the new requirements. Clearly, the new system will place significant burdens on smaller companies and possibly may foster further consolidation in all segments of the food industry. These economic effects have not been adequately studied.

We have reviewed the extensive comments filed by the American Frozen Food Institute and the Food Marketing Institute and support the positions taken by both organizations in their comments. The stated intent of the new labeling regulations -- to aid United States Agriculture -- is a worthy goal. However, in an effort to achieve that objective, both Congress and the Department have created a regulatory scheme with far-reaching and damaging end results. There is a need to re-evaluate the merits of this program, and we support efforts to eliminate or mitigate the problems and consequences outlined above.

We appreciate the opportunity to provide our views on this matter.

Sincerely yours,

  
Nevin B. Montgomery  
President and CEO